

CITY OF MAHNOMEN

BUSINESS SUBSIDY CRITERIA PROGRAM

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, Section 116J.993 (the "Act"), in particular Section 116J.994, subdivision 2, thereof. Terms used but not defined herein have the meaning given them in the Act. The term "City" shall mean the City of Mahnomen, and the term EDA shall mean the Mahnomen Economic Development Authority. The term "project" means the property with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

1. But For Test. There is a substantial likelihood that the project would not go forward without the subsidy.
2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time or full-time job thereby created shall be, within two years of the benefit date. The wage should be at least 110 percent of the current poverty rate, for a family of four, *adjusted annually*, as defined by the U.S. Department of Human Services or such greater amount as the City may require for a specific project.
3. Feasibility. The recipient must demonstrate to the satisfaction of the City that the project has been adequately financed and either has been or will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all the requirements of the Act.

B. EVALUATIVE CRITERIA

The following evaluative criteria recognize that the award of a business subsidy may serve a variety of public purposes of varying importance depending upon the specific project facilitated by the subsidy. The City may disregard any evaluative criterion it determines to be either irrelevant or unimportant in the case of a particular project, as permitted by the Act. The City hereby expresses its support of the business subsidies that meet the below-listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and /or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies that provide significant employment potential and opportunity to broaden the tax base.
3. If a commercial business, the business cannot be in direct competition with existing commercial businesses. Business subsidy for retail businesses should encourage the provision of services currently not offered in the community.
4. The project must be generally consistent with the City's Comprehensive Plan.
5. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
8. The project must meet all pollution and environmental requirements of both the federal and state governments.
9. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties.
10. The project should result in a net job increase through either the creation or retention of jobs.
11. Whether and to what extent the project will utilize existing infrastructure capacity and/or require additional publicly funded infrastructure investments.
12. Consideration regarding the growth potential of the project based on the recipient's market studies or plans for expansion.

A. ADDITIONAL JOBZ BUSINESS SUBSIDY REQUIREMENTS

Any time the City provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage goals, job goals and other criteria set forth in this policy. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§ 116J.993-116J.995 and the JOBZ statute M.S. §§ 469.310-469.320, and the JOBZ statute shall control.

The City may deviate from wage and job criteria in this Section by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.

The City shall require all businesses receiving a business subsidy to comply with the following:

1. *Attend a properly noticed public hearing held by the City as provided by M.S. § 116J.994. The purpose of the hearing shall be to identify the criteria that the qualified business or recipient will meet in order to be eligible to receive a business subsidy or become a qualified business for purposes of the JOBZ statute.*

2. *If the business is qualified to receive JOBZ tax benefits, that business shall agree to continue to operate in the jurisdiction where the subsidy is used (the subzone) for the duration of the job zone term.*
3. *If the qualified business or recipient is a relocating business under the definition in this agreement, the business shall be required to enter into a binding written "Relocation Agreement" between the qualified business and the commissioner of DEED pledging that the qualified relocation business will:*
 - (a.) *increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, or five jobs, whichever is greater.*
4. *The business shall identify an operation start date when business operations for the proposed qualified businesses are planned to begin in the zone. The date when business operations begin is called the "operation start date".*

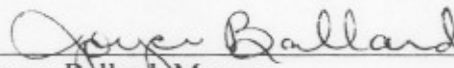
The City, when considering projects that request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e. the jobs which will result from the project). The City will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

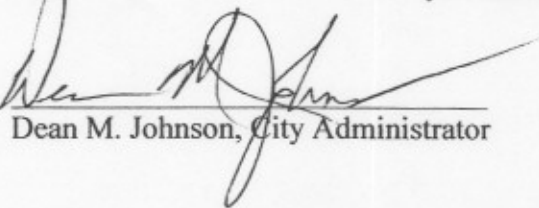
Adopted November 3, 2003

Amended May 17, 2004

Amended February 20, 2007

Attest:


Joyce Ballard, Mayor


Dean M. Johnson, City Administrator